

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

EAGLE HARBOR HOLDINGS, LLC,  
and MEDIUSTECH, LLC,

**Plaintiffs,**

V.

## FORD MOTOR COMPANY,

Defendant.

CASE NO. C11-5503 BHS

## ORDER GRANTING MOTION TO COMPEL

This matter comes before the Court on the parties' joint discovery motion (Dkt.

360). The Court has considered the pleadings filed in support of and in opposition to the motion and the remainder of the file and hereby grants the motion for the reasons stated herein.

## **I. PROCEDURAL HISTORY**

On November 29, 2013, Plaintiffs Eagle Harbor Holdings, LLC, and Mediustech, LLC (collectively “Eagle Harbor”) served Defendant Ford Motor Company (“Ford”) a supplemental privilege log. Dkt. 257 at 3. After Ford objected to the withholding of numerous documents, Plaintiffs agreed to produce some documents. *Id.* at 4.

1 On March 10, 2014, the parties filed a joint discovery motion in which Ford  
2 requested an order compelling Eagle Harbor to produce over 300 withheld documents.  
3 *Id.* One of the issues in that motion was Eagle Harbor's assertion of the "common  
4 interest privilege." *Id.* at 16-22. On April 28, 2014, the Court denied the motion  
5 concluding that the common interest privilege existed, but cautioning that the rule existed  
6 to prevent waiver of otherwise privileged communications instead of establishing an  
7 independent privilege in and of itself. Dkt. 273 at 3.

8 On November 24, 2014, the parties filed the instant motion in which Ford requests  
9 an order compelling Eagle Harbor to "produce 52 communications between Eagle Harbor  
10 and third parties David Patterson, Earl Hughson and Denis Marchand." Dkt. 360 at 1.

## 11 II. DISCUSSION

### 12 A. Timeliness and Prior Motion

13 Eagle Harbor moves the Court to deny the motion because (1) it is tardy or (2) the  
14 law of the case establishes that the Court has already denied a previous motion on these  
15 issues. Dkt. 360 at 3. With regard to timeliness, the Court finds the motion timely. The  
16 parties used the procedure under Local Rule CR 37 and Ford served Eagle Harbor its  
17 portion of the motion before discovery was closed.

18 With regard to law of the case, Eagle Harbor's position takes the previous order  
19 out of context. In the previous motion, Ford sought to compel the production of entire  
20 categories of documents. *See* Dkt. 257. Recognizing that the discovery disputes were  
21 general in nature, the Court stated that

1 As a threshold matter, the parties' categorical approach to the 300  
 2 documents at issue makes it nearly impossible for the Court to rule as to  
 3 every document in question. Therefore, the Court will address Plaintiffs'  
 4 categories in an effort to narrow the dispute so that the parties may resolve  
 5 the remaining dispute among themselves or file a motion regarding a  
 6 manageable number of specific documents.

7 Dkt. 273 at 2. While the Court provided some guidance on the current dispute regarding  
 8 the common interest privilege, the Court did not establish a specific law of the case  
 9 rendering the current motion a "do-over." If anything, the current motion is a more  
 10 specific discovery dispute regarding a manageable number of specific documents.

11 Therefore, the Court will not deny Ford's motion to compel due to procedural matters.

12 **B. Privilege**

13 "Rather than a separate privilege, the 'common interest' or 'joint defense' rule is  
 14 an exception to ordinary waiver rules designed to allow attorneys for different clients  
 15 pursuing a common legal strategy to communicate with each other." *In re Pacific*  
 16 *Pictures Corp.*, 679 F.3d 1121, 1129 (9th Cir. 2012). "[A] shared desire to see the same  
 17 outcome in a legal matter is insufficient to bring a communication between two parties  
 18 within this exception." *Id.* (citing *In re Grand Jury Subpoenas*, 902 F.2d 244, 249 (4th  
 19 Cir. 1990)). "Instead, the parties must make the communication in pursuit of a joint  
 20 strategy in accordance with some form of agreement—whether written or unwritten." *Id.*

21 In this case, Eagle Harbor contends that the common interest privilege extends to  
 22 the communications in the privilege log submitted with the motion. Ford objects to  
 23 assertion of the privilege because it contends that the privilege requires a common legal  
 24 interest instead of a common business interest. Dkt. 360 at 5–10. The parties fail to cite,

1 and the Court is unaware of, any binding authority for this proposition. Some district  
2 courts, however, require a common legal interest to support an exception to waiver of the  
3 attorney-client privilege. *See Nidec Corp. v. Victor Co. of Japan*, 249 F.R.D. 575, 579–  
4 580 (N.D. Cal. 2007) (collecting cases). For example, “communications between client  
5 and attorney for the purpose of relaying communication to a third party is not confidential  
6 and not protected by the attorney-client privilege.” *United States v. Bergonzi*, 216 F.R.D.  
7 487, 493 (N.D. Cal. 2003).

8 In light of these opinions, to the extent that Eagle Harbor asserts attorney-client  
9 privilege over communications with business partners, this is an improper assertion of the  
10 privilege even if the communication includes advice from counsel. The attorney-client  
11 privilege protects open and frank discussions with counsel when seeking legal advice, but  
12 does not protect disclosure of such advice to third parties. As applied to this case, Eagle  
13 Harbor asserts that the attorney-client privilege protects an email from Dan Preston, CEO  
14 of MediusTech, to Earl Hughes, a business associate, “reflecting advice of counsel  
15 regarding infringement of patent.” *See* Dkt. 361-1 at 3 (document ID00100297). Under  
16 no formulation of any rule is this email a privileged communication. While Mr. Preston’s  
17 initial conversation with his attorney may be privileged, divulging or paraphrasing such  
18 advice to a third person waives the privilege regardless of a joint business interest.  
19 Therefore, the Court grants the motion to compel as to this and similar business-person-  
20 to-business-person discussions regarding what counsel may have conveyed to them or  
21 they conveyed to counsel.

1 On the other hand, the common interest privilege may be used to protect work-  
2 product that is disclosed to third parties. The work-product doctrine extends beyond  
3 confidential communications between the attorney and client to “any document prepared  
4 in anticipation of litigation by or for the attorney.” *In re Columbia/HCA Healthcare*  
5 *Corp. Billing Practices Litigation*, 293 F.3d 289, 304 (6th Cir. 2002). “The work product  
6 privilege provides protection against adversaries and is not as easily waived as the  
7 attorney-client privilege.” *Nidec Corp. v. Victor Co. of Japan*, 249 F.R.D. 575, 580  
8 (N.D. Cal. 2007). Such “protection is waived where disclosure of the otherwise  
9 privileged documents is made to a third party, and that disclosure enables an adversary to  
10 gain access to the information.” *United States v. Bergonzi*, 216 F.R.D. 487, 495–96  
11 (N.D. Cal. 2003).

12 In this case, the evidence suggests that Eagle Harbor and the challenged third  
13 parties had a common business interest. Eagle Harbor has shown that the intended  
14 interest was to leverage Eagle Harbor’s intellectual property and the third parties’  
15 manufacturing abilities to benefit from Ford’s implementation of the SYNC system in its  
16 vehicles. Dkt. 364 at 3. For example, Mr. Preston testified that there existed a  
17 joint venture that we had envisioned in 2007, but the products in the  
18 markets were far more mature and it all came together in 2010. We then put  
19 together a team that have included us, DGE Engineering, Navox, SMIS,  
ourselves and likely others. It was -- it was a team that would deliver a full  
system to Ford as a product.

1 Dkt. 364 at 3<sup>1</sup>. This evidences a joint venture to leverage intellectual property as well as  
2 other services against a potential common adversary, Ford. To that extent, any work  
3 product that was developed in anticipation of this litigation or for this litigation would be  
4 subject to protection against the common adversary. These materials, however, must  
5 “contain the impressions, conclusions or theories of counsel . . . .” *Bergonzi*, 216 F.R.D.  
6 at 494. A powerpoint presentation reflecting the advice of counsel would most likely be  
7 considered work product. *See* Dkt. 361-1 at 3 (document ID 00121772). On the other  
8 hand, an email string between business associates, Mr. Preston and Dennis Marchand,  
9 regarding possible patent infringement in anticipation of litigation would require some  
10 foundational basis to meet the requirement of impressions, conclusions or theories of  
11 counsel. *Id.* (document ID122531). While Mr. Preston and Mr. Marchand may have a  
12 joint business interest in patent litigation, their own personal opinions are not protected  
13 by the work-product privilege. Therefore, the Court grants Ford’s motion to compel at  
14 least to the extent that Eagle Harbor is required to provide a more detailed privilege log  
15 for these documents.

16 **C. Crime-Fraud Exception**

17 Ford argues that any assertion of privilege is void under the crime-fraud  
18 exceptions. To invoke the crime-fraud exception, Ford bears the burden to (1) “show that  
19 the client was engaged in or planning a criminal or fraudulent scheme when it sought the  
20

---

21 <sup>1</sup> Although the parties have requested this document remain sealed, the Court finds that  
22 this excerpt does not contain any confidential business information. If a party disagrees with this  
finding, they may file an appropriate motion to redact.

1 advice of counsel to further the scheme"; and (2) "demonstrate that the attorney-client  
2 communications for which production is sought are sufficiently related to and were made  
3 in furtherance of [the] intended, or present, continuing illegality." *In re Napster, Inc.*  
4 *Copyright Litig.*, 479 F.3d 1078, 1090 (9th Cir. 2007).

5 In this case, Ford has failed to meet its burden. Nothing Ford has submitted rises  
6 to the level of a crime or civil fraud. Therefore, the Court denies Ford's motion on this  
7 issue.

8 **III. ORDER**

9 Therefore, it is hereby **ORDERED** that Ford's motion to compel (Dkt. 273) is  
10 **GRANTED** as stated herein. The parties shall meet and confer within one week from the  
11 date of this order. Failure to agree on further explanations of the withheld  
12 communications, further productions, and/or proper redactions will be addressed via *in*  
13 *camera* review of the fifteen documents Ford has requested. *See* Dkt. 360 at 13.

14 Dated this 14th day of January, 2015.

15  
16  
17  
18  
19  
20  
21  
22



\_\_\_\_\_  
BENJAMIN H. SETTLE  
United States District Judge